

PC:

I think I've wrapped up my research on subject. What I have found out is, not only is MK NOT the #1 selling brand of Skincare/Cosmetics but I think they know it and have changed their marketing materials to reflect it. I sent you the 2006 Fact Sheet that Shannon emailed me, notice on the fact sheet it states:

§ Mary Kay Inc. is one of the largest direct selling skin care and color cosmetic companies in the world.

Nowhere is there mention of the #1 claim. Also, I have located the NEW "At a Glance" on many of the Unitnet.com websites and they are all (at least the ones I have located) updated with the new phrase:

Mary Kay Inc. is one of the largest direct sellers of skin care and color cosmetics in the world. The Company achieved another year of record results in 2005, with \$2.2 billion in wholesale sales.

I have contacted the following companies: L'Oreal, Estee Lauder, Avon and, of course, Mary Kay. L'Oreal and Estee Lauder have their Total Sales for 2005 published in their Annual Reports but they are not broken down into categories such as Beauty (cosmetics/fragrances/toiletries) and Skincare. And, unfortunately, they will not give those specifics because the information is obtained from their "industry research" reports. These reports are purchased by the companies and they have strict rules about not being able to "give out" specific info within the research. The research companies do this because they want people such as the media to buy them instead of getting it for free from Corporations.

But I do have the Beauty segment numbers from Avon (this information was available to me via their Annual report):

AVON 2005 REGIONAL SALES AS OF 4TH QTR / 12 MONTHS

CATEGORY SALES (US\$)

| | Consolidated | %var. vs FY04 |
|--------------------------------------------------------------|--------------|---------------|
| Beauty (cosmetics/fragrances/toiletries) | \$5,578.6 | 6% |
| Beauty Plus (fashion jewelry/watches/apparel/accessories) | 1,471.6 | 8% |
| Beyond Beauty (home products/gift and decorative/candles) | 1,015.0 | -3 |
| Net Sales | \$8,065.2 | 5% |

Other Revenue

84.4

-8

Total Revenue

\$8,149.6

As you can see, the Beauty number for 2005 is \$5.5 billion. I think this far surpasses Mary Kay's numbers.

In conclusion (I sound so important), I think what Mary Kay was doing was taking the wholesale number for the two segments, Beauty and Skincare, then they would double that number to arrive at a 'retail' number (since their competitor's are reporting 'retail' numbers); also, remember, the industry report Shannon spoke of was for "wholesale" numbers because this is the only number they have to provide. By doubling the number they are deceiving the average consumer into thinking EVERY dollar earned from the distributor is actually being sold for double the amount paid. This as we well know is NOT true. Many MK reps sell at deep discounts, give it away, throw it away, give it back to the company or sell it below cost.

I'm not sure where the "turn" in the tide actually occurred but I get the feeling someone may have slapped MK on the wrist for this deception. Regardless, I am putting this info into a report format and sending it to the FTC just in case. Can't hurt.

-ShabbyinPink